



### *Nevada – FY 2016 Geographic Area Rate Caps Wetland Reserve Easements*

- GARC Rate = 85% Fair Market Value (FMV) based on Individual USPAP Appraisal
- 30 year easements and Tribal LUC Rate = 75% of GARC Rate = 63.75% net FMV

**TABLE 1: NOT TO EXCEED RATES BY GEOGRAPHIC AREA**

Nevada Geographic Area	High Value Irrigated Pasture or Cropland	Lower Value Rangeland	Rate Cap NTE \$/acre (perpetual)	Rate Cap NTE \$/acre (30 year & Tribal LUC)
Area 1	\$20,700	\$ 4,900	\$13,000	\$9,750
Area 2	\$11,500	\$ 1,630	\$ 7,000	\$5,250
Area 3	\$ 6,990	\$ 120	\$ 4,000	\$3,000

Area 1 - South Washoe, \*Carson City, Douglas, and \*Clark Counties

Area 2 - Storey and Lyon Counties

Area 3 - Rest of State

*\* Clark and Carson City Counties Irrigated and Rangeland Values may be considerably higher due to scarce agricultural base acreage.*

**Table 1:** Outlines the estimated values of high value cropland and lower value rangeland for three geographic areas of Nevada. Not to exceed rates will cap the maximum level of compensation allowable for WRE easement offers. Not to Exceed Rates are based on a 2:1 ratio between High Value Cropland/Pasture and Lower Value Upland/Rangeland.

### *Analysis and Discussion of WRE - GARC values*

**Wetland Reserve Easement – GARC Analysis** Nevada, the 7<sup>th</sup> largest state in land area, has the lowest precipitation of any state (<7" on average), and the highest percentage of land held as public domain at 85%. These factors create a variable mix of land values tied to development pressures and availability of water. Most private lands are located in the valleys between mountain ranges, and settlement of these remote areas was strongly associated with the availability of water from small streams, springs and groundwater sources. Land values are directly tied to water resources in areas that remain largely undeveloped. Municipalities such as Las Vegas with limited water resources, often venture hundreds of miles seeking to purchase land with water rights currently being utilized by irrigated agriculture.

A hydrologic fact of the Great Basin area is that the rainfall and snowmelt that occurs never leaves the basin, or the state. Wetlands are a somewhat rare eco-type in Nevada. The occurrence of wetlands on private lands is strongly valued by landowners and wildlife. There is significant interest in protecting and restoring wetlands in Nevada by communities, environmental organizations, local governments and federal agencies. Nevada wetlands are an integral component of the Pacific Flyway for migration of waterfowl. Numerous wetlands in Nevada contain the only

known occurrences of threatened and endangered fish and other species. These wetlands serve as islands of biodiversity not seen in any other location around the world.

To reflect the precious resource values and the property rights to be purchased by the government, NRCS in Nevada for FY 2016 has elected to reduce the diminution rate from 90% FY 2015 GARC to a diminution rate of 85% of the fair market value rate as determined by an appraisal. The 85% rate is slightly higher in comparison with neighboring states; Utah at 65% - 75%, California at 80%, but is equal to Idaho at 85%.

This 85% GARC is being utilized to provide a reasonable compensation rate for the bio-diversity values of these very limited land resource values in Nevada. This 85% rate also reflects NRCS commitment for the protection of wetlands associated with Sage-grouse habitats that rely on this ecotype for a significant portion of its life requisites. Sage-grouse habitats occur with great frequency in the northern part of the state with a distinct population located in the Bi-State region shared between California and the neighboring Douglas, Lyon and Mineral Counties in Nevada.

The 85% GARC will likely result in a 5 county area of Nevada where in FY 2015 it was found that appraised values will exceed \$5000.00 per acre. The counties of; Douglas, Carson City, Lyon, Storey, South Washoe and Clark have crop/hayland/pastureland values of \$18,648 - \$6,291 per acre based on the FY 2014 market analysis. Crop/hayland/pastureland currently utilized for food and fiber productions in these areas are valued at a premium due to their proximity to urbanizing areas (housing and development). These open spaces and ready agricultural markets also provide a somewhat affordable recreational/lifestyle opportunity in comparison to the neighboring Lake Tahoe Basin where property values are exorbitant. Recent trends in property values tend to indicate that the real estate market is reaching full recovery from 2008-2012 recessionary levels. It is projected that these pressures will tend to increase well into FY 2016 as a result of both Apple Corporation and Tesla Motor Company (electric car battery mega-factory) have committed to locate high tech facilities in the Southern Washoe County Industrial area.

The third year of the ongoing West Coast and Great Basin drought has likely caused a slight increase in land values for parcels with steady and reliable sources of water. The return of active industry and manufacturing facilities to the local economy will likely increase the pressures to convert scarce agricultural lands for additional housing and service industries. These trends will continue to escalate these property values even further. Future escalation of property values will have a negative effect to maintaining the bio-diversity and open spaces required for many plant and animal species. Conventional wisdom would indicate that these compensation values in these 5 counties of Nevada still comprise the best near or long term opportunity to protect critical wetland resources from being lost forever.

Environmental considerations for the payment of compensation in excess of \$5,000 per acre include:

- The relative geographic location of these lands in relation to the principal and major routes identified for the Pacific Flyway. Migratory waterfowl and other species that summer in northern latitudes (Alaska & Canada) rely on this 5 county northern area of Nevada for stopover feeding and resting before continuance of the long migration north or south. This principal flyway links Nevada to the major waterfowl flyway locations located in the central valleys of California.
- Irrigated lands within this 6 county area have the highest remaining threat to urban development and experienced the highest conversion of agriculture lands to urban land uses prior to the economic downturn in 2008.

- Irrigated lands within this 6 county area have either maintained or increased land values throughout the economic downturn indicating that development pressures will expand as the economic recovery for Nevada expands as well.
- Landowners within this 5 northern county area have shown a willingness to provide offers some of which have been up to 15% less than the published GARC rates. Landowners realize that federal funds for easement programs are limited by state and national program allocations.

### **WRE GARC Analysis in relation to neighboring state values.**

Most WRP easement activity in Nevada has generally occurred within 60 miles of the California border with the exception of a FY 2015 WRE enrollment in Churchill County.

Historically:

- Nevada compensation values for Douglas, Lyon and South Washoe Counties are considerably higher in relation to California eastern border GARC's. Nevada compensation values for Esmeralda and Mineral Counties are considerably less in relation to California (Eastern California) GARCS. This spread tends to indicate that the values are primarily driven by proximity to population growth centers such as Reno, Carson City and Minden. This relationship is reinforced when comparisons of Lyon County in Nevada being a range of 54-26% in comparison to Douglas County land values based on the FY 2015 Market Analysis.
- Nevada compensation values in Northern Washoe County in comparison to California (Northeast California) GARC's tended to exhibit approximately the same range of values 55-26%, however the areas are reversed due to population pressures. This range tends to support that Nevada land values in Northern Washoe County primarily driven by the distance from California population centers such as Alturas or Susanville CA. Water resources and related soil productivity also tends to increase heading westward from Nevada into California in proximity to the Northern Sierra mountains.
- FY 2015 Market Analysis values in Elko County in comparison to Idaho (Region 5) indicated that for irrigated cropland Nevada values were 38% of Idaho compensation values, however pasture values are 93% in comparison. The strong comparison of pastureland values indicate that the GARC's are quite similar, since Nevada croplands tend to occur over 80 miles from the Idaho border. The Idaho/Nevada border can be characterized as being dominated by primarily rangelands with some pasturelands occurring in valleys where water is more plentiful.
- Nevada FY 2015 market analysis values for Elko, White Pine and Lincoln Counties exhibited increased values from North to South. It is difficult to draw conclusions as a comparison to Utah. Most of the irrigated agriculture in Nevada that could participate in ACEP-WRE are located well over 60 miles from the Utah border. There is very little outward threat of land surface development in White Pine, Southern Elko or Lincoln counties. The greatest threat of conversion and loss of habitat is from the continued growth of Las Vegas with water needs that will far surpass its known supply and reserves. Lincoln County cropland values will continue to reflect the pressures from the Southern Nevada Water Authority to purchase water resources from rural areas along the eastern side of Nevada.
- Nevada is a difficult state to compare GARC values along neighboring states borders. With isolated pockets of private agricultural lands often separated by large expanses of desert and mountains, comparing land values in Nevada to land values in California, Idaho, Oregon, Utah or Arizona is difficult.

- The diminution value of 85% that Nevada intends to utilize for 2016 WRE Easement Compensation purposes is identical to proposed Idaho rates. The diminution reduction of 5% between 2015 to 2016 GARC's for Nevada is a slight adjustment that takes into account the restrictive nature of the WRE deed compared to the rights retained by the landowner as a result of selling a conservation easement. The 5% reduction in diminution value for Nevada is also an effort to further narrow the gap of diminution values with neighboring states of California and Utah.